

Message Text

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ORIGIN EA-06

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APPROVED BY EA:PCHABIB

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO USDEL MTN GENEVA

CINCPAC HONOLULU HI

S E C R E T STATE 081789

LIMDIS CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT: PHILIPPINE NEGOTIATIONS -- MEETING WITH VIRATA

1. APRIL 2 FINANCE SECRETARY VIRATA, AMBASSADORS VEGA AND SUAREZ, MET WITH ASSISTANT SECRETARY HABIB, AMBASSADOR SULLIVAN AND DEPUTY ASSISTANT SECRETARY EDMOND. FOLLOWING ARE MAIN POINTS OF CONVERSATION. MEMCON BEING POUCHED.

2. VIRATA CONFIRMED THAT TAX TREATY APPEARED AGREED SUBJECT TO FINAL REVIEW OF TEXT. HABIB NOTED THAT TEXTILE CONSULTATIONS NOT SUCCESSFUL BUT SUGGESTED NEW EFFORT AIMED AT TRANSFER BETWEEN TRADITIONAL AND NONTRADITIONAL CATEGORIES.

3. REGARDING ECONOMIC NEGOTIATIONS, HABIB SAID PHILIPPINE TRADE OFFERS SO FAR DID NOT APPEAR VERY CONCESSIONAL, THAT U.S. APPRECIATED HAVING PHILIPPINE DRAFT ON INVESTMENT AND
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WOULD REVIEW IT, AND U.S. WOULD EXPLORE POSSIBILITY OF GSP

WAIVER. HOWEVER, HE STRESSED THAT BLANKET WAIVER GOP SEEK-
ING IS NOT IN THE CARDS AND THAT ESSENTIAL REQUIREMENT
FOR AGREEMENT WAS A SATISFACTORY OVERALL PACKAGE THAT THE
UNITED STATES COULD ACCEPT AS BEING IN ITS INTERESTS.
ASKED HOW HE SAW NEGOTIATIONS PROCEEDING, HABIB SAID HE
FELT WE WERE IN FIRST STAGE AND THAT AFTER A FEW MORE EX-

CHANGES WE WOULD PROBABLY WANT TO RECESS AND EACH SIDE
CONSIDER THE OTHERS PROPOSALS FOR A PERIOD OF TIME. HE
INDICATED THAT WE FELT WE SAW THE SHAPE OF AN ULTIMATE
AGREEMENT, BUT THAT IT WOULD TAKE CONSIDERABLY MORE WORK
TO ACHIEVE.

4. TO VIRATA INQUIRY ON LINKAGE OF ECONOMIC AND BASE
TALKS, HABIB REPLIED THAT WE VIEWED THEM AS SEPARATE, WITH
EACH PROCEEDING ON ITS OWN MERITS. HE THOUGHT THE ECONOM-
IC NEGOTIATIONS WOULD BE THE MORE DIFFICULT OF THE TWO.
BASE TALKS HE FELT SHOULD PRESENT RELATIVELY FEW PROBLEMS,
SINCE THE PHILIPPINES RECOGNIZED THE DESIRABILITY OF THE
U.S. RETAINING ITS BASES AND THE U.S. RECOGNIZES THE NEED
TO MEET REQUIREMENTS OF PHILIPPINE SOVEREIGNTY. HE RE-
JECTED A COMPARISON WITH SPAIN POINTING OUT THAT THE U.S.-
PHILIPPINE RELATIONSHIP IS BASED ON A MUTUAL DEFENSE
TREATY.
KISSINGER

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